

India-Oman FTA talks on fast track

Commerce dept sets December-end deadline for deal

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A proposed comprehensive free trade agreement (FTA) between India and Oman is on a fast-track mode, with a team of officials from the department of commerce in Muscat for negotiations, people aware of the matter said.

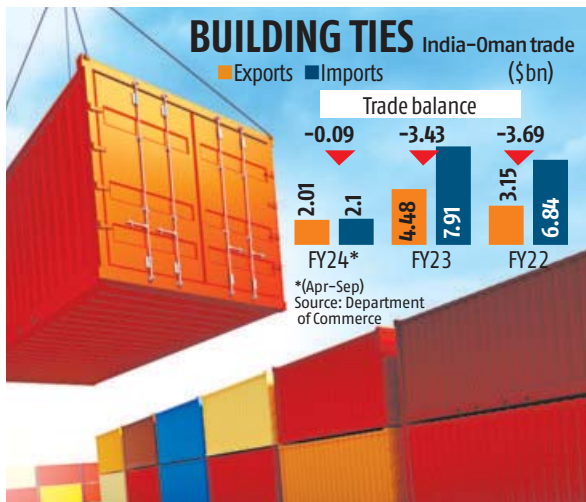
It is learnt that the department of commerce has set an internal deadline of finalising the deal by month-end.

The development assumes significance since India and the six-member Gulf Cooperation Council (GCC) — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) — has not been able to begin negotiations for more than a year. This is due to differences pertaining to the terms of reference, especially with Saudi Arabia. If the trade works out, Oman will be the second GCC member after the UAE to ink an FTA with India. That apart, the proposed agreement is also expected to further strengthen India's economic ties with West Asia.

India and the UAE had signed a comprehensive economic partnership agreement (CEPA) in February 2022.

"The India-UAE agreement is expected to be replicated in the case of the trade pact with Oman," one of the persons cited above told *Business Standard*. Oman is India's 29th largest trading partner.

Bilateral trade has been witnessing robust growth, increasing from \$3.15 billion in FY22 to \$4.48 billion during FY23, up 42 per cent year-



on-year (Y-o-Y). During the previous financial year, petroleum products, primarily motor gasoline, accounted for close to half of India's exports.

Delhi-based think tank Global Trade Research Initiative (GTRI) said that India can hope to radically increase its exports to post FTA, as currently over 80 per cent of its goods enter Oman at average 5 per cent import duties, and there are not many trade barriers.

"Over 83.5 per cent of India's goods exports, valued at \$3.7 billion, currently face a 5 per cent import duty in Oman. With the new FTA, these products, including major exports like motor gasoline, iron and steel, electronics, machinery and textiles, among other items, will benefit from the duty elimination," GTRI said in a report. It added that about 16.5 per cent of India's exports to Oman are

already entering duty free. So, they will not see additional benefits from the FTA.

Imports from West Asian nations are greater than exports and saw 15.6 per cent increase to \$7.91 billion in FY23. Top inbound shipments include petroleum products and urea, which comprise close to three-fourth of imports.

"The India-Oman CEPA, while offering direct economic benefits through import duty reductions, also serves a larger strategic role in India's foreign policy. While acknowledging the limitations set by Oman's smaller economic size and population, the agreement's true value lies in its potential to open doors for India in the Middle East, fostering economic and strategic ties in a region of critical importance," the GTRI report, authored by former trade ministry official Ajay Srivastava said.